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11 MAY 1949

MEMORANDUM

TO : Executive, CIA  
THRU : Budget Officer  
FROM : Confidential Funds Branch  
SUBJECT: Loss or Shortage of Funds

1. Paragraph 1.4c. of the Confidential Funds Regulations prescribes a procedure for arriving at a final determination as to individual liability in the case of unauthorized use of confidential funds. However, there appears to be no established procedure covering the loss or unexplained shortage of funds. Two such instances have recently been reported from foreign field stations, and are now under consideration. In each case additional information is required, since that information submitted is deemed inadequate in its present form to constitute the basis for recommendation by this Branch. Preliminary consideration of these cases indicates the need for a more clearly defined procedure in handling such matters. Therefore, the following recommendation is made:

We recommend the establishment of a standing committee of three to conduct an investigation of each case, and to recommend action to the Executive for appropriate action, or for reference to the Director for final determination. It is recommended that the Chairman of this committee be a representative of the Budget Office, permanently appointed by the Executive, and that another permanent member be appointed by the Executive from the Office of the General Counsel. We recommend that the third member be appointed to consider each specific case by the Assistant Director of the office concerned.

2. We believe that through this procedure a more complete report can be presented to the Executive or to the Director for consideration.

Chief, Confidential Funds Branch

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